

Water Board Groundwater Quality Funding Programs

PROPOSITION 1 GROUNDWATER SUSTAINABILITY PROGRAM PUBLIC REVIEW DRAFT GUIDELINES

March 14, 2016 – San Bernardino

March 15, 2016 – Burbank

March 16, 2016 – Fresno

March 21, 2016 – San Luis Obispo

March 25, 2016 – Sacramento

Agenda



- Introductions / Agenda Review
- Purpose, Overview, and Background
- Program Priorities, Requirements, and Preferences
- Eligibility Requirements
- Grant Amounts and Match Requirements
- Project Selection Process
- Funding Cycles, Metrics of Success, Responsible Party Requirements
- General Program Requirements
- Planning and Implementation Proposal Evaluation Criteria
- Next Steps

Slide No. 2

Purpose & Overview



- Water Quality and Improvement Act of 2014 (commonly referred to as Proposition 1, or Prop 1) (Assembly Bill [AB] 1471, Ch. 10)
- Allocates \$800 million for prevention and cleanup of contaminated groundwater that serves or has served as a source of drinking water.
- Grants will be administered through the Financial Assistance Application Submittal Tool (FAAST)
- Grant funds must be encumbered by June 30, 2018 and liquidated by June 30, 2021.
- First round of scoping meeting held in June 2015.
- Scope of Guidelines meetings held in November 2015.
- Draft Guidelines were released for public review on February 12, 2016.

Slide No. 3

Funding



Approximately \$744 million is available to fund projects through the Groundwater Grant Program (after administrative and bond costs).

Set-aside of \$160 million for projects serving disadvantaged communities (DACs) and economically distressed areas (EDAs).

- a. \$80 million set aside for severely disadvantaged communities (SDACs)
- b. \$10 million set aside for Technical Assistance.

Government Code Section 16727 requires that projects funded by general obligation bonds must be for construction or acquisition of capital assets unless specifically authorized by the bond.

At least \$80 million for treatment / remediation activities that prevent or reduce contamination of groundwater that serves as a source of drinking water.

Slide No. 4

Program Priorities, Requirements, and Preferences



Priorities established in Proposition 1.

Eligibility requirements established by the State Board for implementation projects.

Project preferences established by the State Board for implementation projects.

Slide No. 5

Priorities Established in Prop 1



Priority and special consideration will be given to projects that:

- Leverage funding sources
- Include new and innovative technology
- Incorporate Prop 1, Ch. 10 Prioritization Criteria

Slide No. 6

Priorities Established in Prop 1



Prop 1, Ch. 10 Prioritization Criteria:

- The threat posed by groundwater contamination to the drinking water supply.
- Potential for groundwater contamination to spread.
- Enhance local water supply.
- Maximize opportunity to recharge vulnerable basin.
- Project where Responsible Parties (RPs) have not been identified or are unable to pay.

Slide No. 7

Eligibility Requirements Established by State Board



1) To be consistent with California Water Action Plan, the project must achieve at least one or more of the following objectives:

Prevent the spread of contamination.

Accelerate the cleanup of contamination.

Protect aquifers that serve as a source of drinking water.

Provide clean drinking water to DACs or EDAs.

2) Be identified as high priority by regulatory agencies.

3) Applicants must demonstrate that funds are available for match requirements and long term operation & maintenance (O&M).

4) Have a useful life of at least 20 years.

Slide No. 8

Project Preferences Established by State Board



Preference will be given to those **implementation** projects that meet one or more Prop 1 prioritization criteria and also:

- Human Right to Water
- Community Benefit
- Contaminant Removal Efficiency
- Timeliness

Slide No. 9

Project Preferences Established by State Board (cont.)



Preference will be given to those **implementation** projects that meet one or more Prop 1 prioritization criteria and also:

- Promote Groundwater Sustainability
- Demonstrated Applicant Experience
- Regional Project
- Multiple Benefits

Slide No. 10

Competition



Competition – grants will be awarded on a competitive basis using the program, priorities, requirements, and preferences.

Grants provided to support projects funded through the Drinking Water State Revolving Fund (SRF) will be funded competitively using the process identified in the Drinking Water SRF Intended Use Plan (IUP).

Slide No. 11

Questions?



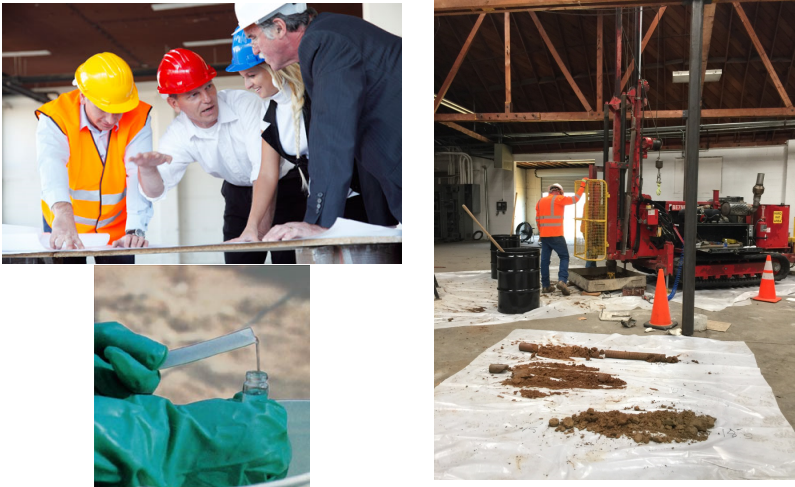
Slide No. 12

Eligible Grant Applicants



Slide No. 13

Eligible Project Types – Planning and Monitoring



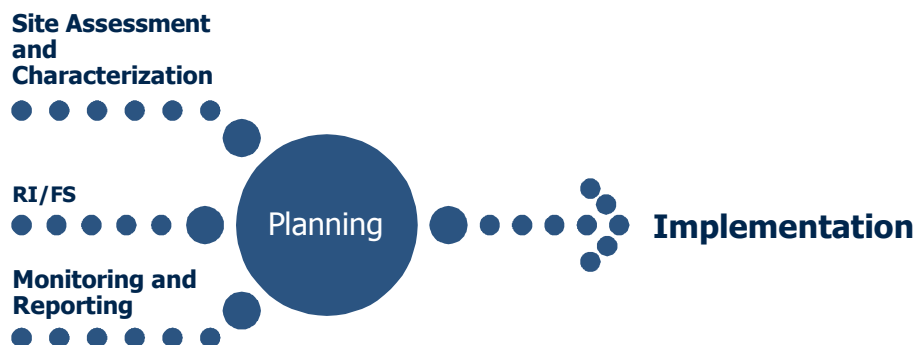
Slide No. 14

Eligible Project Types – Planning and Monitoring



Slide No. 15

Eligible Project Types – Planning and Monitoring



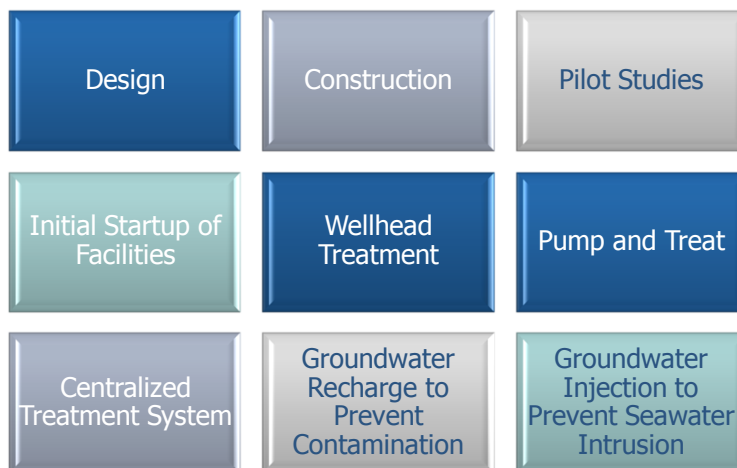
Slide No. 16

Eligible Project Types – Implementation



Slide No. 17

Eligible Project Types – Implementation



Slide No. 18

Implementation Project Requirements



Meet two or more of the program priorities, requirements and preferences

- Contamination in groundwater plume reduced below MCLs by the end of the project life; project is identified as high priority by Regional Water Board.

Consistent with applicable water quality control plan and any applicable permits or Board Orders;

- Compliance with Water Quality Standards and Objectives.

Slide No. 19

Implementation Project Requirements (cont.)



Demonstrate the capability of sustained, long-term benefits for a minimum of 20 years

- Scope of Work or modeling effort shows long-term reduction of contaminant concentrations.

Be operated and maintained for the project's useful life (i.e., >20 years)

- O&M plan complete, showing expected contamination reduction.

Demonstrate adequate rights of way for the useful life of the project.

- Properties, easements and rights-of-way have been obtained by the Applicant.

Slide No. 20

Other Eligibility Considerations



Projects vs. Programs

- State Board may enter into a single agreement with an applicant with multiple projects, if it is administratively expedient to do so or may have separate funding agreements for individual projects.

Phased Projects

- The State Board encourages applicants to break-up long-term (greater than five year) cleanup projects into "phases".

Public Purpose

- If the applicant is regulated by the Public Utilities Commission (PUC) they must demonstrate to the Deputy Director that the project benefits the customers of the water system, reduces rates, and may require a third party audit.

Slide No. 21

Ineligible Project Types



a.

- Does not meet the purpose of Prop 1 Ch. 10, Groundwater Sustainability.

b.

- Adversely impacts a wild and scenic river or any river afforded protection.

c.

- Acquisition of land through eminent domain.

d.

- Design, construction, maintenance, etc. of Delta conveyance facilities.

e.

- Acquisition of water, unless to provide fisheries or ecosystem benefits.

f.

- Pay any costs recovered from RPs for contamination of groundwater.

Slide No. 22

Ineligible Project Types (cont.)



g.

- Ineligible monitoring or planning projects, including, but not limited to, modeling efforts that are not necessary to design/build an eligible implementation project.

h.

- Ineligible implementation activities, including projects or tasks that:
 - Fund ongoing O&M;
 - Avoid, but do not prevent or cleanup, the groundwater contamination;
 - Repair/replace drinking water infrastructure.

i.

- Overhead or costs not directly related to the project.

j.

- Payment of State or federal taxes.

Slide No. 23

Questions?



Slide No. 24

Minimum & Maximum Grant Amounts



- No maximum for implementation projects.
- Maximum planning grant limits may be waived by the State Board.
- The Deputy Director of the Division may approve funding of projects below the minimum amounts.
- The table below shows proposed limits on grant amounts for eligible projects.

	Planning	Implementation
Minimum	\$100,000	\$500,000
Maximum	\$1,000,000	N/A

Slide No. 25

Availability of Funds



- The Budget Act of 2015 (Assembly Bill 93) appropriates Prop 1 funds.

Expenditure



Liquidation



Slide No. 26

Match Requirements



- Minimum local cost funding match of at least 50% required unless waived or reduced for projects benefiting a DAC or EDA.
- Other State funds cannot be used for the required local cost share.
 - Loans through the Drinking Water and Clean Water SRF Programs, or a federally sponsored loan program may be used for match.
- Added consideration for projects that leverage private, federal, or local funding and priority consideration for projects that go beyond minimum local cost share requirements.
- Local cost share includes only eligible reimbursable expenses and were incurred on or after approval of Prop 1 by the voters (Nov 4, 2014).

Slide No. 27

Management of Projects



Slide No. 28

Management of Projects (cont.)



Projects focused on **remediation** of groundwater and providing groundwater for direct use will be administered through the Groundwater Grant Program.

(Remediation of GW)

**Groundwater
Grant Program**

Projects primarily focused on **treating** groundwater for direct use in the drinking water system will be administered through the Drinking Water SRF program.

- Addresses natural contaminants/regional contamination that is not conducive to cleanup, due to the extent of contamination and/or ongoing discharges (Nitrate, Hexavalent Chromium, etc.)

**Drinking Water
SRF**

(Drinking Water
Projects)

Slide No. 29

Reduced Funding Match for Drinking Water Projects



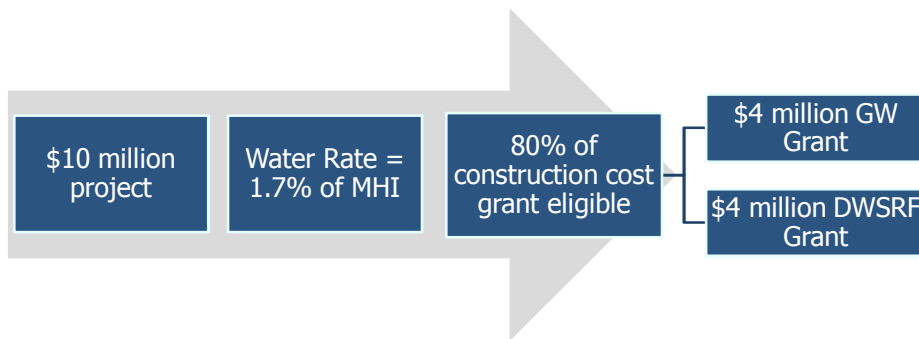
- Funding available from Prop 1 Groundwater Grant Program for Drinking Water Projects is available for projects benefiting DACs and EDAs.
- Water systems serving small DACs can get Prop 1 Groundwater Grant Program funds in addition to Prop 1 Drinking Water grant funds.
- Prop 1 Groundwater Grant Program contribution to a DAC/EDA Drinking Water Project is identical to the formula used for grants provided through the Drinking Water SRF Program.

Type of Community Served by PWS	Avg Residential Water Rate as % of MHI**	% of Total Eligible Project Cost	Max Amnt Construction
DAC or EDA	1.5% - 2%	up to 80%	\$5 Million
	> 2%	90% to 100%	
SDAC	NA	up to 100%	

* PWS = Public Water System
** MHI = Median Household Income

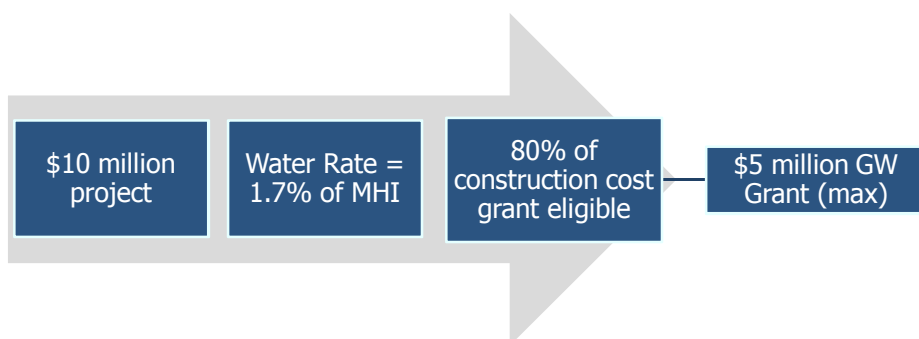
Slide No. 30

Example Project Benefiting a Small DAC (no more than 10,000 people or 3,300 connections)



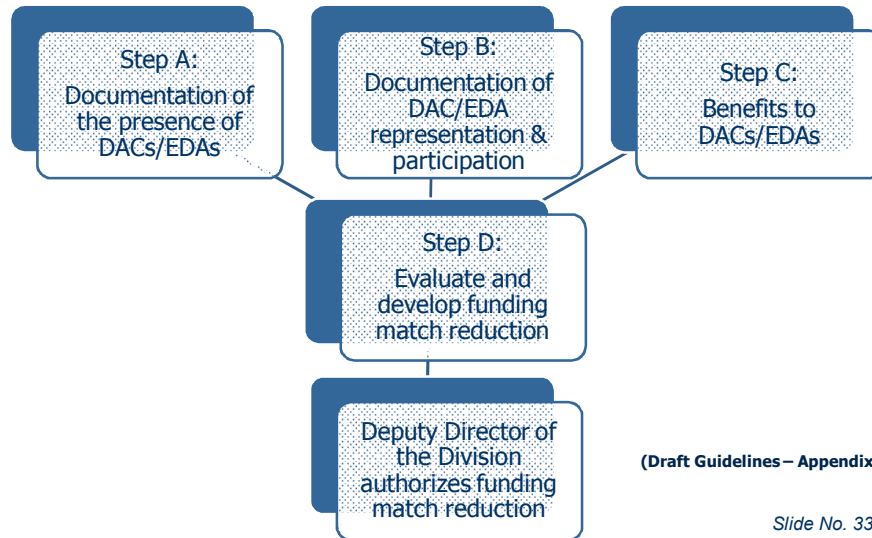
Slide No. 31

Example Project Benefiting a Large DAC (more than 10,000 people and 3,300 connections)



Slide No. 32

Reduced Funding Match for DACs/EDAs



Slide No. 33

Eligible Match Expenses

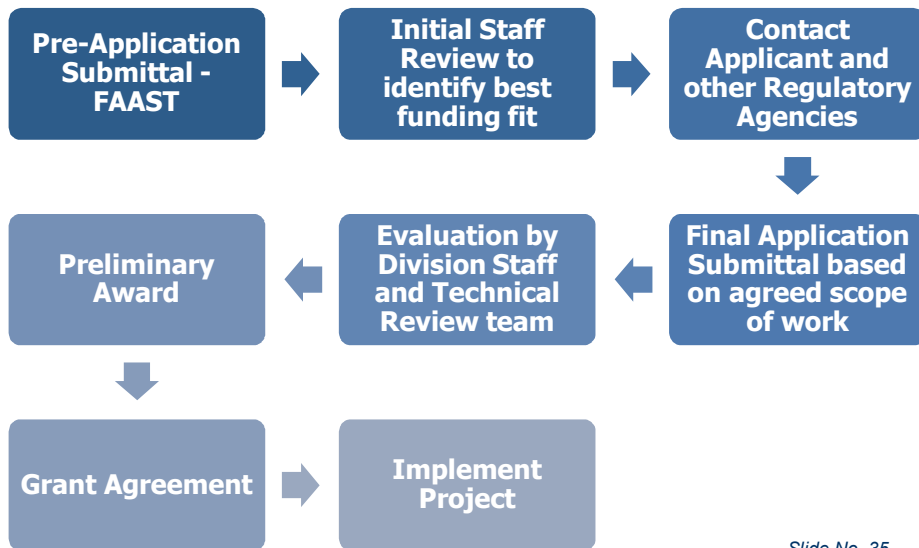


Project expenses eligible for **match purposes** include direct, reasonable costs associated with:

- Planning
- Engineering
- Design
- Permitting
- Preparation of environmental documentation
- Environmental mitigation
- Easement and land purchases
- Project implementation
- Project monitoring within the term of the agreement, and
- Education and outreach necessary for successful project implementation.

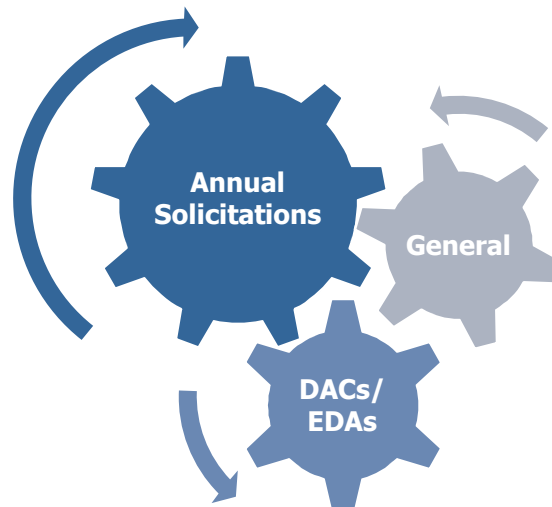
Slide No. 34

Project Selection Process



Slide No. 35

Funding Cycles



Slide No. 36

Metrics of Success



Annual volume of clean drinking water provided or annual volume of water that is prevented from being contaminated.

Number of people or residential connections directly benefiting from the project.

Population of DAC or EDA directly benefiting the project.

Average annual mass and total mass of contaminant removed (or prevented from contaminating the drinking water source) over the projected life of the project.

Number of previously contaminated municipal or domestic wells that will no longer be contaminated after the end of the useful life of the project.

Percent reduction of contaminant concentration over the projected useful life of the project.

Slide No. 37

Responsible Party Requirements



- Processes established by the regulatory agencies outline the primary venue for identifying RPs and recovering costs for cleanup.
- The Applicant must make reasonable efforts to identify any potentially responsible parties.
- Should the responsible parties be willing and able to pay for the total cost of cleanup associated with the proposed project, the project will be considered ineligible for funding.
- Applicant should contact regulatory agencies regarding RP/PRPs and, as part of the application provide documentation summarizing the status of potentially responsible parties.

Slide No. 38

Responsible Party Considerations



If Deputy Director awards funding – one of the following actions will be taken:

Award funding, not require any additional efforts from Applicant.

Award funding at a reduced amount, not require any additional efforts from Applicant.

Award funding, require additional efforts to recover cost of cleanup. Award amount may be increased for additional efforts.

Slide No. 39

Questions?



Slide No. 40

General Program Requirements



- ◆ Conflict of Interest, Confidentiality
- ◆ Labor Code
- ◆ California Environmental Quality Act (CEQA) Compliance
- ◆ No Funding for Related Litigation
- ◆ Compliance with Emergency Drought Regulations
- ◆ Project Assessment and Evaluation Plan (PAEP)
- ◆ Monitoring Requirements, Data Management, and Reporting
- ◆ Operations and Maintenance

Slide No. 41

General Program Requirements (cont.)



- ◆ Compliance with Plans and Water Codes
- ◆ Applicant Notification
- ◆ Grant Agreement and Reimbursement of Costs
- ◆ Grant Manager Notification
- ◆ Deputy Director, Additional Authority
- ◆ Technical Assistance Set-aside

Slide No. 42

Planning and Implementation Proposal Evaluation Criteria



Criteria	Planning	Implementation
Project/Applicant Background	40 Points	55 Points
Project Priorities, Requirements, and Preferences	25 Points	30 Points
Scope of Work	40 Points	40 Points
Schedule	15 Points	20 Points
Budget	15 Points	25 Points
DAC	10 Points	10 Points
Performance Evaluation and Monitoring	No Points	15 Points

Slide No. 43

Planning and Implementation Proposal Evaluation Criteria (cont.)



The proposal evaluation scoring for Planning and Implementation projects include two types of questions depending on the evaluation question:

- Simple “Yes/No” determination as to whether the proposal includes the information. Five points for each “yes”, while a “no” will receive zero points; and
- Qualitative evaluation requiring the reviewer to determine how well the proposal addresses the evaluation question:
 - 4-5 points given if proposal addresses the question well and no changes are needed to fund.
 - 1-3 points given if proposal addresses the question to some degree, but changes are needed to fund.
 - No points given if proposal does not address the evaluation question.

Slide No. 44

Next Steps



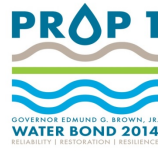
Guideline and Funding Milestones	Estimated Date
Public Workshops Comment Period Ends <u>April 1, 2016</u>	March 2016
Public release of Final Draft Guidelines	April 2016
Board Consideration of Final Draft Guidelines	May 2016
First Round Funding Solicitation	Fall 2016/2017
First Round Grant Agreements	Early 2017

Slide No. 45



Q&A
Thank you for attending

Slide No. 46



Water Board Groundwater Quality Funding Programs

Send questions and comments to
gwquality.funding@waterboards.ca.gov

Additional information can be found at our website:
http://www.swrcb.ca.gov/water_issues/programs/grants_loans/gw_funding/